

Message Text

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17

ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04

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R 050850Z SEP 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0779

INFO AMEMBASSY ABU DHABI

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

UQMHR/AMEMBASSY TEHRAN 2336

AMEMBASSY VIENNA

AMEMBASSY MUSCAT

C O N F I D E N T I A L KUWAIT 3737

FROM PAGANELLI EMBASSY DOHA

DEPT PASS TREASURY

EO 11652: GDS

TAGS: PFOR, ENRG, EFIN, OVIP, QA, US

SUBJ: MEETING WITH QATARI MINISTER OF OIL AND FINANCE

1. SUMMARY: QATAR OIL MINISTER BELIEVES OIL PRICES WILL BE
FROZEN AT PRESENT LEVELS FOR IMMEDIATE FUTURE, AND FAVORS FIXING
PRICE FOR AT LEAST ONE-YEAR PERIOD. GOQ'S \$10 MILLION DEVELOPMENT
LOAN TO PAKISTAN GOOD EXAMPLE OF RECYCLING OIL REVENUES. MINISTER
EXPECTS TO BE IN WASHINGTON FOR WORLD BANK/IMF MEETINGS IN LATE
SEPTEMBER. RECOMMEND DEPT ARRANGE MEETING FOR HIM WITH USG OIL
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AND FINANCIAL EXPERTS. END SUMMARY

2. DURING AUG 25 MEETING WITH SHAYKH ABDUL AZIZ BIN KHALIFA AL THANI, GOQ MINISTER OF OIL AND FINANCE, I ASKED ABOUT VISIT PREVIOUS DAY OF UAE MINISTER OF OIL AND FINANCE 'UTAYBA. ABDUL AZIZ CONFIRMED LOCAL PRESS REPORT THAT JMUAYBA HAD COME TO INFORM THE AMIR, SHAYKH KHALIFA, ABOUT SHAYKH ZAYID'S RECENT TOUR OF NUMBER OF ARAB COUNTRIES. I SUGGESTED THAT THE OIL SITUATION WAS A LIKELY TOPIC OF CONVERSATION, AND ABDUL AZIZ ACKNOWLEDGED THIS, BUT, TYPICALLY, DECLINED TO BE DRAWN OUT ON DETAILS.

3. I THEN ASKED ABDUL AZIZ FOR HIS OWN VIEWS ON OIL PRICE SITUATION IN THE IMMEDIATE FUTURE, NOTING THAT PRESENT SURPLUS OF SUPPLY INDICATED THAT PRICE WOULD DROP IF MARKET FACTORS ALLOWED FULL PLAY. ABDUL AZIZ ACKNOWLEDGE POINT, AND INDICATED HE FORESAW A PRICE "FREEZE" AT PRESENT LEVELS FOR IMMEDIATE FUTURE. HE REMARKED THAT CONSTANT REVISIONS OF PRICES, I.E., ON QUARTERLY BASIS, WERE AN UNSATISFACTORY AND DESTABILIZING PROCEDURE, AND HE HOPED THAT ALL OPEC COUNTRIES WOULD AGREE THAT PRICES SHOULD BE SET AND HELD FOR AT LEAST PERIOD OF ONE YEAR. HE VERY QUICKLY ADDED THAT ANY SUCH STEP, OF COURSE, WOULD HAVE TO BE A "COLLECTIVE DECISION". HE OBSERVED THAT OIL PRICING EXTREMELY COMPLEX, AND AFFECTED NOT ONLY BY MARKET FACTORS BUT BY POLITICAL CONSIDERATIONS, REVENUE AND DEVELOPMENT NEEDS OF PRODUCERS, WORLD INFLATION, ETC. I TOOK OCCASION TO MAKE STANDARD PITCH THAT SKY-ROCKETING OIL PRICES WERE A PRINCIPAL FACTOR IN INFLATIONARY SPIRAL.

4. I ASKED ABDUL AZIZ ABOUT AUG 24 ANNOUNCEMENT THAT GOQ HAD GIVEN PAKISTAN \$10 MILLION LOAN. IN REPLY HE DESCRIBED IT AS "DEVELOPMENT LOAN", BUT WAS RELUCTANT TO DISCUSS FURTHER DETAILS. (WE WILL SEEK ADDITIONAL INFORMATION FROM GOP AMBASSADOR HERE.) I NOTED THAT GOQ LOAN GOOD EXAMPLE OF WAY PRODUCERS CAN RECYCLE OIL REVENUES TO LESS DEVELOPED COUNTRIES WHO MOST HARD-HIT BY INCREASED OIL PRICES.

5. IN COURSE OF CONVERSATION, IT DEVELOPED THAT ABDUL AZIZ EXPECTS TO COME TO WASHINGTON FOR IMF/WORLD BANK MEETINGS IN LATE SEPTEMBER. HE SAID HE WOULD ATTEND OPEC MEETING IN VIENNA SEPT 12, AND MOST PROBABLY CONTINUE TO US. I SUGGESTED HE MIGHT WISH TO USE OPPORTUNITY OF HIS PRESENCE IN WASHINGTON TO DISCUSS INFORMALLY OIL AND FINANCIAL AFFAIRS WITH USG EXPERTS AND HE INDICATED INTEREST.
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6. COMMENT: ALTHOUGH ABDUL AZIZ DOES NOT RPT NOT HAVE A PROFOUND KNOWLEDGE OF EITHER OIL OR FINANCIAL AFFAIRS, HE IS THE RESPONSIBLE MINISTER AND HAS THE EAR OF HIS FATHER, THE AMIR, WHO MAKES ALL THE DECISIONS HERE. I RECOMMEND THE DEPARTMENT ARRANGE FOR ABDUL AZIZ TO MEET WITH TREASURY AND OTHER EXPERTS ON OIL AND FINANCIAL AFFAIRS WHILE HE IS IN WASHINGTON. A COURTESY CALL ON SECRETARY SIMON WOULD ALSO APPEAR APPROPRIATE. AS DEPARTMENT AWARE,

ABDUL AZIZ IS US-EDUCATED AND SPEAKS FLUENT ENGLISH. HE WAS NOT SURE OF HIS EXACT ITINERARY, BUT SAID HE WOULD KEEP US INFORMED OR, IN ANY CASE, THE QATARI EMBASSY IN WASHINGTON WOULD KNOW HIS SCHEDULE.
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